ज्यादा नहीं है, जो समझौता है उसी के अनुसार वह परियोजनाएं बन रही हैं ।

*403. [*The questioner (Shri S. S. Ahluwalia) was absent. For answer Vide cols.* 36-37 *infra.*]

Public Financial Institutions Operating in the Country

*404. SHRI YASHWANT SINHA : Will the MINISTER OF FINANCE be pleased to state :

(a) what are the details of the public financial institutions operating in the country at present;

(b) what are the companies in which such public financial institutions hold 25 per cent or more share in equity capital: and

(c) in how many such companies; the institutions have their own nominees ?

THE FINANCE MINISTER (PROF. MADHU DANDAVATE) : (a) to (c) A Statement is laid on the table of the House.

Statement

(a) Section 4 A of the Companies Act, 1956 specifies Industrial Credit & Investment Corporation of India (ICICI), Industrial Finance Corporation of India (IFCI), Industrial Development Bank of India (IDBI), Life Insurance Corporation of India (LIC) and Unit Trust of India (UTI) as Public Financial Institutions. Pursuant to the powers vested in the Central Government under this Section, Government has issued Notifications from time to time specifying Industrial Reconstruction Bank of India (IRBI), General Insurance Corporation (GIC) and its four subsidiaries viz. National Insurance Co. Ltd., New India Assurance Co. Ltd., Oriental Fire & General Insurance Co. Ltd. and United India Insurance Co. Ltd., Shipping Credit and Investment Company of India (SCICI), Tourism Finance Corporation of India (TFCI), Risk Capital and Technology Finance Corporation Ltd. (RCTC), Power Finance Corporation (PFC) and Technology Development and Information Company of India Ltd. (TDICI) as Public Financial Institutions.

(b) According to the information available with IDBI, there are 297 private sector companies in which public financial institutions along with State level Industrial Development Corporations (SIDCs), State Financial Corporations (SFCs), nationalised banks, Central and State Governments jointly hold 25% or more of equity capital of these companies. A list of these companies is given in the Annexure. [*See* Appendix CLV, Annexure No. 118.]

Statistics in respect of shareholdings of public financial institutions alone is not readily available.

(c) Out of the 297 companies, institutions have appointed their nominees on 231 companies.

SHRI YASHWANT SINHA : Sir, sometimes, we, Members of Parliament, get information which is tantalisingly brief as was happening just now. (*Interruptions*) Sometimes, we get information which we have not asked for. I think, whenever we deal with Dandavateji, this is the kind of thing which happens.

MR. CHAIRMAN : He is a professor. (*Interruptions*)

SHRI SUBRAMANIAN SWAMY : Sir, is it a censure or a compliment ?

PRO. MADHU DANDAVATE : Complement. In addition what he had asked for, I have given something more. This is what he means.

SHRI YASHWANT SINHA : Sir, if you read the question carefully, you will see that in part (a) of the question, I had asked for the names of the public financial institutions. Part (a) of the reply gives the names of the public financial institutions like the Industrial Credit and Investment Corporation of India, Industrial Finance Corporation of India, Industrial Development Bank of India, etc.

In part (b) of the question, I wanted to know which were the companies where such public financial institutions hold more than 25 per cent of the equity. The reply which has been given in part (b) talks not only of these public financial institutions but also about the State-

level Industrial Development Corporations, State Financial Corporations and nationalised banks. A total of 297 companies have been mentioned here in which all of them together hold more than 25 per cent of the equity. From this list of 297 companies, it is very difficult for anyone to know which are the companies where these public financial institutions, listed in part (a) of the question, are holding more than 25 per cent.

Sir, I was not interested in getting the information in regard to the combined holding of the public financial institutions, State Financial Corporations, State Industrial Development Corporations and nationalised banks. I was only interested in finding out about the spare of the public financial institutions listed in part (a) of the reply. Therefore, I am obviously confused because the information which I wanted has not been given.

According to the information which I have, there are about 60 companies—I would like Dandavateji to correct me if I am wrong—where these public financial institutions, which have been listed in part (a) of the reply, hold more than 25 per cent of the equity.

In fact, there are some companies where they hold more than 51 shares. Therefore the (a) part of my question is, can he give us a list of those companies where the institutions listed in part (a) of his question hold more than 25 per cent out of these 297 ? Part (b) is he has given us a reply in part (c) where he says, out of 297 companies 231 companies are such where the financial institutions have appointed their nominees. Out of these companies which he will put in reply to part (a) of my question, how many are the companies where the public financial institutions have appointed their directors, and if they have not appointed their directors, what is the reason therefor ? Part (c) of my supplementary is, have the Government or the financial institutions issued any guidelines in regard to the functioning of these directors, what interest they are supposed to watch, how they are supposed to keep a tab, what exactly is the role which the Government or financial institution directors are supposed to perform, what kind of people they are, whether they are retired or serving government servants, or serving members of the Financial institutions ? This is my first supplementary.

PROF MADHU DANDAVATE : Sir, I am sorry that the hon. Member has carried the impression that I have given him the information that was not proper and I refused the information that was sought for. In fact, if he carefully goes through the statement, he will find that the information is provided but since the number is large, instead of giving the names of these 297 companies and also the other companies I have only mentioned the number. But I will pick up the second part of his question and elaborate the answer further.

In 297 companies the public financial institutions have shares which are more than 25 per cent. Further he will find that 231 companies are there where the public sector financial institutions have already nominated their own members. So, if the subtraction is made, it is obvious that 66 companies are there in which the public sector nominees are not there. The next question that he asked is, if these companies are the companies in which the public sector nominees have not been appointed, what is the reason therefor ? Basically, there are two reasons why in some of the companies the nominees have not been there. Firstly, some of these companies where the capital base is extremely narrow, that is the one sector of companies where the nominees have not been appointed. Secondly, there is a group of companies which are under the shadow of liquidation and in those companies also the nominees have not been appointed. Even then I assure the hon. Member that we will examine in depth all these 66 companies and where the situation has been altered we will try our best to see that even in those companies actually the appointments are made.

The last part of his question was, what is the exact functioning that has been taken up by these representatives ? There are certain norms regarding the policies. As far as financial institutions are concerned, they do not go into day-to-day

aspects of the policy, but wherever certain guidelines have been formed they relate to transactions about the sale and purchase of shares in order to give better transparency to the transactions. We have set up certain norms so that no clandestine transaction takes place and also the transaction should be open to public, small investor should not suffer. So, that particular monitoring and overseeing is always done by our representatives of these institutions.

SHRI YASHWANT SINHA : I do not know whether I am any wiser. I had specifically asked whether he had information in regard to these financial institutions which have been listed in part (a) of the question, as to how many companies are there where they hold more than 25% shares.

PROF. MADHU DANDAVATE : I have given it.

SHRI YASHWANT SINHA : No, you have repeated the information which is there in this paper.

PROF. MADHU DANDAVATE : I have not given the names. I have given the numbers.

SHRI YASHWANT SINHA : You have given the names. I have the names of all the 297 companies. All the names are there in the Annexure. This says, names of private sector companies in which public financial institutions, State level industrial development corporations, State and Central Governments, nationalised banks hold more than 25% shares. There is a difference between the question I am asking and the reply that I have got. But I will let it pass

My second supplementary is, according to the information which I have—and this is very interesting—there are companies where these institutions hold more than 25% shares, but there are at least seven or eight of these where the public sector financial institutions hold more than 51% shares. Out of these sixty odd, there are 7 Birla companies and 7 Tata companies. And there is not one major industrial house in this country which is not receiving financial assistance from the Government financial institutions. The question I would like to ask is in two parts. If the share-holding of the public financial institutions is more than 51%, why would the Government not, under the Companies Act, start immediately treating these as public sector undertakings ? Why are they being treated as private sector undertakings when the share of the public financial institutions is more than 51% ? If the Minister wants, I will give him details of these companies which I have.

The second part is, once the public financial institutions commit more than 25% of their risk capital, then what is the public accountability of these private companies ? And what is the role of Parliament ? How many of these companies are required by the Government to submit their annual reports and profit and loss accounts to Parliament like the public sector companies do ? And if it is not being done, why is it not being done and why is Parliament being denied the role which is Parliament's due in regard to these companies ?

PROF. MADHU DANDAVATE : As far as the first question is concerned that in certain companies there is more than 25% share-holding and in some cases it is more than 51% also and if it is more than 51%, that means the majority shares are theirs and in that case, should not that company be treated as a public sector company, Sir, this has been an extremely controversial issue. In fact, even when the companies call themselves as a perfectly private sector unit or company, I have always posed a question : how private is the private sector and how public is the public sector ? Because even when the private sector calls itself "private", whenever the sector becomes sick as a result of financial mismanagement, they come to the public sector institutions and take our financial assistance. And not only do we give them financial assistance, but we also have our Board members there. And when we have our Board members there, it no more remains a purely "private" sector in the sense that they completely have the independence to carry on things on their own.

SHRI JAGESH DESAI : In some places you have done this, but in all these you have not done it.

PROF. MADHU DANDAVATE : About the appointment of the Board members, I have myself said that in 231 companies we have already appointed and 66 companies are there in which we have not yet appointed the Board members and the reasons for that I have also given.

His question is, wherever we have got 51% as our share-holding, why should we not declare it as a public sector unit ? Already the controversy which is going on is, rather than taking over the unit as nationalised sector, or even one private sector unit taking over another private sector unit in a direct manner, they are trying to have a clandestine take-over, and, therefore, I could assure the hon. Member that if he feels that a particular unit has to be taken over, it is better to straightaway take it over and nationalise it than, under the garb of a majority share-holding, declare it as a public sector. That will be our attitude.

SHRI YASHWANT SINHA : Sir, it is not at all clear. I asked that question in two parts. One was this and the other was accountability to Parliament. Now, the accountability question is not answered. But the point I am making is, there are companies where the public financial institutions seek to combat sickness, which results in a larger concentration of the public financial institutions funds there. It is also, maybe, favouritism on the part of the Government—how do we know ? If the Government is very kind to somebody, they will go on pumping money into that company, and I have here cases which can prove that point. I am saying that if that stage has been reached, why would not the Government consider treating it as a public sector company under the Companies Act ?

PROF. MADHU DANDAVATE : Sir, if the honourable Member has any number of cases, even a few do not matter, in which it is clear that due to the favouritism of the administrative machinery or the pubulic institutions the equity ratio has been arranged in a paricular manner, I can assure him—give me the names of those companies; we will go in depth and inquire into the matter as to whether there is any element of favouritism involved in having that particular equity share.

As far as accountability to Parliament is concerned, we always said that the public sector and other institutions like banking institutions, while they must have functional autonomy, it must be within the framework of a broader accountability. Therefore, in all these respects, wherever financial institutions are giving assistance, we would very much like to know what exactly is happening and, so, there is an advisory body that has been appointed to go through the audits of all these. On that there is an advisory body which appoints various bodies or cells to go into it—the CAG's representative is also there —and, to that extent, indirectly also there is room for maintaining accountability as far as those instiutions are concerned.

MR. CHAIRMAN : And there is the accountability of the Finance Minister to Parliament, as the last resort.

SHRI VITHALBHAI M. PATEL : Honourable Chairman, Sir, I want to know whether the Finance Minister is aware that the nominees of banks and financial institutions are sometimes creating hurdles in the smooth functioning of the companies. Recently, two, three days back, there was a statement by Mr. Ganapathy, the Chairman of BIFR, that the nominees of the banks and financial institutions are creating hurdles and not allowing the units to be viable. So, what steps are you going to take—when Mr. Ganapathy himself says that the utility of the BIFR has been finished—to allow the units to be viable ?

PROF. MADHU DANDAVATE : Sir, there are two parts of the question of the honourable Member. Firstly, he has been claiming or alleging that some of the members of the Boards of these companies who are appointed—I believe, by the financial institutions.... You are referring to those or the other members ?

SHRI VITHALBHAI M. PATEL : Mr. Ganapathy has also said it two, three days back.

PROF. MADHU DANDAVATE : Listen to me. Honourable Member, your

question is split into two parts. In the first part you have said that some of the Board members are responsible for creating hurdles and difficulties in the path of working of the companies. Are you referring to the general Board members of the companies or those members who have been appointed by the Government ?

SHRI VITHALBHAI M. PATEL : Nominees of the banks and financial institutions.

PROF. MADHU DANDAVATE : Sir, as far as the working of the public financial institutions is concerned, I again want to repeat that we do not interfere in the day-to-day functioning of the public sector institutions. I repeatedly said it, and one of the reasons why the public sector institutions sometimes do not give adequate performance is because there is more interference from the Government in the day-to-day work of the public sector institutions and, sometimes, there is politicization of the institutions. I want that more autonomy should be given to them, subject to accountability. Certain norms have been formulated. I can assure the honourable Member that if it comes to our notice that the nominees of the financial institutions functioning in any particular company have created any obstacles or difficulties in building up the viability of that particular institution, we will definitely sort out the issue with that public sector institution. We will not directly direct the Board members, but will request them to direct the concerned Board members to see that no difficulties are created in the functioning and viability of that institution.

SHRI VITHALBHAI M. PATEL : What about Mr. Ganapati's statement ? Two days back he has said that nominees of financial institutions are creating hurdles in making the unit viable.

MR. CHAIRMAN : You bring it to his notice and he will look into it.

PROF. MADHU DANDAVATE : Even if that statement was not there, on your complaint I would have taken note of it. And more so, when Mr. Ganapati has issued a statement, I will certainly take note of that complaint.

SHRI N. E. BALARAM : I am confused by the answers given by the hon. Minister. So, I am raising one or two questions. It is seen that in some of the private companies there is a 25 per cent share and in some other companies there are more than 51 per cent shares. I know in some other companies there are 60 or 70 per cent shares of the Government. So, a question comes to my mind if there is any guideline for the assistance given to the private sector by the Government while taking the shares. If there are any guidelines, what are they ? Otherwise, from what the Minister is saying on these things, I do not understand what is the public sector and what is the private sector. If 75 per cent of the shares is owned by the Government, how can you call it a private sector ? So, what is the meaning of the private sector and what is the meaning of the public sector ? That is a confusing state of affairs. So, it should be made clear. If there are any guidelines for assisting the private sector companies by taking the shares, what are they ?

PROF. MADHU DANDAVATE : There are a number of guidelines. One, as far as the public sector institutions purchasing shares in the market of any company are concerned, the general guideline is...

MR. CHAIRMAN : If there are guidelines, will you place them on the Table ? They must be very long. So you must place them on the Table of the House.

PROF. MADHU DANDAVATE : They are not very long. They are very short.

MR. CHAIRMAN : If you take three minutes, the Question Hour will be over.

PROF. MADHU DANDAVATE : No, they are very short. The general guideline to the public sector institutions is that they should intervene into the market only when the market is going down in a very big way and disturbance is created. To give a touch of stability, they can enter into the market. At the same time, the second guideline is that the resources of the pubulic sector institutions should not be utilised to artificially prop up the entire market and thereby add to

the detriment of the small investors. Very often Mr. Kulkarni has referred to that point. We generally see these two major guidelines are effectively implemented.

Thirdly, to avoid any transactions which are clandestine, whenever any shares are sold, which are more than one per cent of the working capital, in that case, within 24 hours you have to make a declaration of that particular transaction so that there will be a greater degree of transparency and there will be no room for any underhand or some sort of irregular transactions in the market.

PROF. CHANDRESH P. THAKUR : One simple question arising out of the supplementary, which Mr. Sinha asked is this. Will the private sector companies where 51 per cent share is held by public sector financial institutions, be brought within the purview of the Committee on Public Undertakings ? If not, is there some other way to bring it where within the concept of joint sector whereby more and more such enterprises will emerge ?

PROF. MADHU DANDAVATE : As I made it very clear, we will have to examine that problem. But one thing is very clear. I think, if any private sector is to be brought into the public sector, it is better to take it over directly as the public sector than merely trying to have the shares which are majority shares. We will examine that point and, of course, if it becomes a public sector *de facto* or otherwise, in that case it will come within the jurisdiction of that Committee.

श्री रजनी रंजन साहू : महोदय, इस पर हाफ-एन-आवर डिस्कशन होना चाहिए ।

MR. CHAIRMAN : Write to me and I will see.

KUMARI CHANDRIKA PREMJI KENIA : In response to Q. No. 3, the reply has been given that 241 companies' nominee directors have been appointed. Mr. Vithalbhai Patel has said that hurdles are created by the nominee directors in the functioning of the company. My experience is otherwise. I have been working in ICICI, your bank, for quite sometime and I find that the nominee directors who are either the employees or the ex-employees of IDBI, they do not attend the meeting forgetting day-to-day functioning of the company. They are totally neglecting their duties. Will the Finance Minister look into the matter and see that proper nominee directors are appointed ?

Secondly, I would like to know the position of the recovery of the loans, the repayment of the loans to the banks.

MR. CHAIRMAN : Question Hour is over.

WRITTEN ANSWERS TO QUESTIONS

Full Fibre Flexibility to Jute Mills in the Manufacture of Non-Traditional Products

*403. SHRI S. S. AHLUWALIA : Will the Minister of TEXTILES be pleased to state :

(a) whether it is a fact that Government have decided to allow full fibre flexibility to the jute mills manufacturing non-traditional and blended products; and

(b) if so, what are the details thereof ?

THE MINISTER OF TEXTILES WITH ADDITIONAL CHARGE OF THE MINISTRY OF FOOD PROCESSING INDUSTRIES (SHRI SHARAD YADAV) : (a) and (b) : A statement is laid on the Table of the House.

[*See* Appendix CLV, Annexure No. 119]

Japanese Aid for Narmada Project

*405. SHRI KAPIL VERMA :

SHRIMATI VEENA VERMA :

Will the Minister of WATER RESOURCES be pleased to state :

(a) whether it is a fact that Japan is reconsidering the grant of credit for the Narmada Project; and

(b) if so, what are the details in this regard ?

THE MINISTER OF TEXTILES WITH ADDITIONAL CHARGE OF THE MINISTRY OF FOOD PROCESSING INDUSTRIES (SHRI SHARAD YADAV) : (a) and (b) An Agreement for Japanese